

BEEF QUALITY LINK

INDUSTRY COMMENTARY

It takes a whole system to make it work



By John Butler

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It is safe to say that we are all frustrated with the lack of profitability within the beef industry. It seems that everyone wants a bigger piece of the ever-shrinking profitability pie. There are many people that are certain that the packer is robbing the producers blind. There are some that feel that the large feeding companies have taken advantage of the cow/calf producer because they only pay average prices for superior cattle. It seems to me that, as an industry, our focus should not be centered on dividing up the pie differently, but rather, how can we increase the size of the pie and regain the precious market share that we have lost to other protein sources?

There are perhaps a number of ways to approach this challenge. Logic would tell us that we need to do a better job satisfying the "customer"

if we ever expect more dollars to be pumped into the system. There are reams of consumer research telling us where we slipped. Quality,

consistency, convenience, safety—to name just a few. The fact that we as an industry have not been completely responsive to these needs has allowed price to become an issue as well. It is impossible for any one segment within the beef production value chain to address these system issues. Why? Because each of us has an opportunity to create and add to the value of the end product. However, if we do not work together as in a "system," and figure out a way to trust each other, we cannot capitalize on the entire value opportunity and we will continue to deal in a commodity marketplace plan that cannot recognize value and in turn, cannot expect increased consumer demand. The key to allowing this to happen, as well as building trust, is a completely transparent information system, meaning that each segment has the opportunity to see all data and related performance.

That is the type of system we've developed at Ranchers Renaissance.

This may sound like it would be simple to do. I promise you that it is easier said than done. It requires a very different kind of commitment than we have become accustomed to. To make it happen, each segment in the production chain must agree to a set of rules. Because we need to focus on quality and consistency, the "rules" should be quality points or quality specifications. The specifications should be based on solid objective science. Once these quality specifications are agreed upon, a system of quality control should be developed and there can be no exceptions to compliance. If each production segment can work together, a real change in the product will occur. We are all human, and as a result will respond to economics. If we are rewarded for hitting a target, we will make the necessary changes so that we can do this on a repeatable basis. This means a pricing system based on value delivered and tied to the consumer. Again, easier said than done, and this requires real commitment and in most cases a very different way of producing beef.

John Butler is President and CEO of Ranchers Renaissance, an integrated beef production system based on partnerships with ranchers, stockers, feeders, a processor and a retail end user.

For more information visit www.ranchersrenaissance.com, or call 303-662-1945.